

**CENTRAL LANDFILL AUTHORITY**  
**REPORT ON FINANCIAL STATEMENTS**  
(with supplemental information)  
For the Years Ended December 31, 2004 and 2003

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Audit & Finance Division  
Michigan Dept of Treasury  
P O Box 30728  
Lansing, MI 48909-8228

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Central Landfill Authority		County Dickinson
Audit Date 12-31-03 & 04	Opinion Date 6-23-05	Date Accountant Report Submitted to State: 7-6-05		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

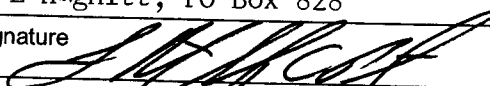
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC			
Street Address 201 E Houghton, PO Box 828	City Iron Mountain	State MI	ZIP 49801
Accountant Signature 			

## CENTRAL LANDFILL AUTHORITY

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**ANDERSON, TACKMAN & COMPANY, P.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*A Regional Firm with Offices in Michigan and Wisconsin*

Principals - Iron Mountain:  
L. Robert Schaut, CPA  
David J. Johnson, CPA  
Shane M. Ellison, CPA

Member of:  
Private Companies Practice Section  
American Institute of Certified  
Public Accountants

**INDEPENDENT AUDITORS' REPORT**

Chairman and Members  
Central Landfill Authority  
Iron Mountain, MI 49801

We have audited the accompanying basic financial statements of the business-type activities of the Central Landfill Authority as of and for the years ended December 31, 2004 and 2003 as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Central Landfill Authority as of December 31, 2004 and 2003, and the respective changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated June 23, 2005 on our consideration of the Central Landfill Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

As described in Note A to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Financial Statements-and Management's Discussion and Analysis-For State and Local Governments* and Governmental Accounting Standards Board Statement No. 37, an amendment of Statement No. 34. This results in a change in the format and content of the financial statements.

The Management's Discussion and Analysis on pages 5 through 7 is not a required part of the financial statements but is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Central Landfill Authority's basic financial statements. The Statements of Operating Expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Statements of Operating Expenses have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

June 23, 2005

## MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Central Landfill Authority's financial performance provides an overview of the financial activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Authority's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- The Authority's net assets were reported for the first time under GASB 34. Net assets for the entire Authority were reported at \$1,465,105 at December 31, 2004 and \$1,430,987 at December 31, 2003.
- The Authority's operating expenses totaled \$4,157 for 2004 and \$7,647 for 2003.

### USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses and Change in Net Assets (on pages 8 to 10) provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

### REPORTING THE AUTHORITY AS A WHOLE

Our analysis of the Authority as a whole begins on page 8. One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses, and Change in Net Assets report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Authority's *net assets* and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as unanticipated operating and closure costs associated with the closed landfill.

In the Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses, and Change in Net Assets, the Authority's activities are reported as business-type activities:

- Business-type activities – The Authority performs post-closure administrative activities associated with a landfill closed in 1990.

## REPORTING THE AUTHORITY'S MOST SIGNIFICANT FUNDS

Our analysis of the Authority's major activities begins on page 8. The financial statements provide detailed information on all of the Authority's activities. The Authority uses proprietary funds to account for its activities. The method of accounting for proprietary funds is explained below.

- *Proprietary funds* – The Authority administers a closed landfill and these services are reported in a proprietary fund. Proprietary funds are reported in the same way for its activities and are reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets.

## THE AUTHORITY AS A WHOLE

The Authority's combined net assets had increased \$34,118 during 2004 and \$48,061 during 2003.

**Table 1**  
**NET ASSETS**

<b>Assets</b>		<u>2004</u>	<u>2003</u>
Current and other assets		\$1,441,115	\$1,407,072
Capital assets (net)		<u>23,990</u>	<u>23,990</u>
Total assets		<u>1,465,105</u>	<u>1,431,062</u>
<b>Liabilities</b>			
Current and other liabilities		<u>-</u>	<u>75</u>
Total liabilities		<u>-</u>	<u>75</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt		23,990	23,990
Unrestricted		<u>1,441,115</u>	<u>1,406,997</u>
Net Assets		<u>\$1,465,105</u>	<u>\$1,430,987</u>

Net assets of the Authority were \$1,465,105 at December 31, 2004 and \$1,430,987 at December 31, 2003. In general, the Authority's unrestricted net assets are used to fund operations of the Authority.

**Table 2****CHANGE IN NET ASSETS**

	<u>2004</u>	<u>2003</u>
<b>Revenues:</b>		
General revenues:		
Investment income	\$ 62,522	\$ 67,080
Unrealized losses on investments	<u>(24,247)</u>	<u>(11,372)</u>
Total revenues	38,275	55,708
<b>Program Expenses:</b>		
Operating expenses	<u>4,157</u>	<u>7,647</u>
Total expenses	4,157	7,647
Change in net assets	34,118	48,061
<b>Net assets – beginning of period</b>	<u>1,430,987</u>	<u>1,382,926</u>
<b>Net assets – end of period</b>	<u>\$1,465,105</u>	<u>\$1,430,987</u>

**BUSINESS-TYPE ACTIVITIES**

Revenues for the Authority totaled \$38,275 in 2004 and \$55,708 in 2003. The Authority's revenues are derived from investments and are dependent upon the investment return rates each year and changes in market value.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The Authority had \$23,990 invested in capital assets, which consisted of land, at December 31, 2004 and 2003.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the readers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Secretary/Finance Officer, James Brinker, at 1211 West "A" Street, Iron Mountain, Michigan 49801, or call 906-774-6490.



**CENTRAL LANDFILL AUTHORITY**

**STATEMENTS OF NET ASSETS  
Proprietary Fund**

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 46,333	\$ 44,517
Investments	1,375,110	1,351,357
Prepaid expenses	2,063	1,971
Accrued interest	<u>17,609</u>	<u>9,227</u>
TOTAL CURRENT ASSETS	1,441,115	1,407,072
NONCURRENT ASSETS:		
Capital assets	<u>23,990</u>	<u>23,990</u>
TOTAL ASSETS	<u>\$ 1,465,105</u>	<u>\$ 1,431,062</u>
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 75
NET ASSETS:		
Investment in capital assets, net of related debt	23,990	23,990
Unrestricted net assets	<u>1,441,115</u>	<u>1,406,997</u>
NET ASSETS	<u>\$ 1,465,105</u>	<u>\$ 1,430,987</u>

The accompanying notes to financial statements are an integral part of this statement.

**CENTRAL LANDFILL AUTHORITY**

**STATEMENTS OF ACTIVITIES**

For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities
2003 Landfill Operations	\$ 7,647	\$ -	\$ -	\$ -	\$ (7,647)
2004 Landfill Operations	\$ 4,157	\$ -	\$ -	\$ -	\$ (4,157)
<b>BUSINESS-TYPE ACTIVITIES:</b>					
General revenues:					
Restricted investment earnings				38,275	55,708
Total general revenues				38,275	55,708
Changes in net assets				34,118	48,061
NET ASSETS, beginning of year				1,430,987	1,382,926
NET ASSETS, end of year				\$ 1,465,105	\$ 1,430,987

The accompanying notes to the financial statements are an integral part of this statement.

**CENTRAL LANDFILL AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGE  
IN NET ASSETS  
Proprietary Fund**

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
OPERATING EXPENSES:		
General and Administrative	\$ <u>4,157</u>	\$ <u>7,647</u>
OPERATING (LOSS)	<u>(4,157)</u>	<u>(7,647)</u>
OTHER INCOME (EXPENSES):		
Investment income	62,522	67,080
Unrealized loss on investments	<u>(24,247)</u>	<u>(11,372)</u>
TOTAL OTHER INCOME (EXPENSES)	<u>38,275</u>	<u>55,708</u>
CHANGE IN NET ASSETS	34,118	48,061
NET ASSETS, BEGINNING OF YEAR	<u>1,430,987</u>	<u>1,382,926</u>
NET ASSETS, END OF YEAR	<u>\$ 1,465,105</u>	<u>\$ 1,430,987</u>



The accompanying notes to financial statements are an integral part of this statement.

**CENTRAL LANDFILL AUTHORITY**

**STATEMENTS OF CASH FLOWS**

**Proprietary Fund**

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES:		
Cash payments to suppliers for goods and services	\$ (4,324)	\$ (9,710)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(4,324)</u>	<u>(9,710)</u>
INVESTING ACTIVITIES:		
Purchase of investments	(48,000)	(50,000)
Investment income	<u>54,140</u>	<u>66,320</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>6,140</u>	<u>16,320</u>
NET INCREASE IN CASH AND EQUIVALENTS	1,816	6,610
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>44,517</u>	<u>37,907</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 46,333</u>	<u>\$ 44,517</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (4,157)	\$ (7,647)
Changes in assets and liabilities:		
Decrease (Increase) in prepaid expenses	(92)	(1,971)
Increase (Decrease) in accounts payable	<u>(75)</u>	<u>(92)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>\$ (4,324)</u>	<u>\$ (9,710)</u>

The accompanying notes to financial statements are an integral part of this statement.

**CENTRAL LANDFILL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**THE REPORTING ENTITY**

The Central Landfill Authority (Authority) was incorporated on August 17, 1970 pursuant to Section 5.2725 (1 et seq.) Michigan States Annotated, being Act 179 P.A. 1947, as amended by the Cities of Iron Mountain, Kingsford and Norway, and the Townships of Breitung and Norway, all located in Dickinson County, Michigan.

The Authority, for financial reporting purposes, includes all of the activities relevant to its operations.

**Component Unit**

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, *"The Financial Reporting Entity"*.

The criteria established by the governmental Accounting Standards Board for determining the various governmental organizations to be include in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it was determined that there are no component units of the Central Landfill Authority nor is the Authority a component unit of another entity.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**BASIS OF PRESENTATION**

During the year the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34, which substantially revised the financial statement presentation as described below.

**Government-Wide Financial Statements:**

The Statement of Net Assets, Statement of Activities and Statement of Revenues, Expenses and Change in Net Assets display information about the Authority as a whole. They include all business-type activities of the Authority. Business-type activities are financed in whole or in part by investment income.

**CENTRAL LANDFILL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION (Continued)**

**Proprietary Fund**

Proprietary Funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus:**

The government-wide Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses and Change in Net Assets are presented using the economic resource measurement focus as defined below.

- a. The Authority utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported.

**Basis of Accounting:**

The Statement of Net Assets, Statement of Activities and Statement of Revenues, Expenses and Change in Net Assets are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

As allowed by GASB Statement No. 20, the Authority's business-type activity follows all GASB pronouncements and FASB Statements and Interpretations that were issued on or after November 30, 1989, except those that conflict with a GASB pronouncement.

**CENTRAL LANDFILL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES AND NET ASSETS**

- a. Cash and Equivalents – The Authority's cash and cash equivalents as reported in the Statement of Cash Flows and the Statement of Net Assets are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.
- b. Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

- c. Equity Classification

Government-Wide Statements:

Equity is classified as net assets and displayed in two components:

1. Invested in capital assets – Consists of capital assets, net of accumulated depreciation. Capital assets consist of land.
2. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**REVENUES AND EXPENSES**

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. Expenses are classified by operating and nonoperating and are subclassified by function such as salaries, supplies and contracted services.

**NOTE B - CASH AND INVESTMENTS**

The Authority maintains segregated cash and investment accounts which are specific to the activity to which they are available.

**CENTRAL LANDFILL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

**NOTE B - CASH AND INVESTMENTS (Continued)**

**CASH AND EQUIVALENTS**

Cash and equivalents consisted of:

	<u>2004</u>	<u>2003</u>
Cash in checking	\$ 46,333	\$ 11,519
Sweep account	—	<u>33,000</u>
 TOTAL	 \$ <u>46,333</u>	 \$ <u>44,517</u>

The Authority's cash and equivalents were fully insured at December 31, 2003 and 2004.

**STATUTORY AUTHORITY**

Michigan law (Act 196 PA 1997) authorizes the Authority to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Bankers' acceptance of United States Banks.
- f. Obligations of this State or any of its political subdivisions at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-4 to 80a-64, with the authority to purchase investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperation's act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.



## CENTRAL LANDFILL AUTHORITY

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

#### **NOTE B - CASH AND INVESTMENTS (Continued)**

##### STATUTORY AUTHORITY (Continued)

- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

##### INVESTMENTS

Investments are stated at market value.

Investments consisted of certificates of deposit and U.S. government securities and were in accordance with State of Michigan Statutes. Those statutes do not mandate that accounts be partially or fully insured or collateralized. Investments are categorized as follows:

Category 1 - Insured or registered, with securities held by the Authority or its agent in the Authority's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Authority's name.

##### December 31, 2004

	<u>Category</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates of deposit	\$ 830,576	\$ -	\$ -	\$ 830,576
U.S. government securities	<u>544,534</u>	<u>-</u>	<u>-</u>	<u>544,534</u>
Total	<u>\$1,375,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,375,110</u>

##### December 31, 2003

	<u>Category</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates of deposit	\$ 805,196	\$ -	\$ -	\$ 805,196
U.S. government securities	<u>546,161</u>	<u>-</u>	<u>-</u>	<u>546,161</u>
Total	<u>\$1,351,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,351,357</u>

F.D.I.C. insurance totaled \$830,576 at December 31, 2004 and \$805,196 at December 31, 2003.



## **CENTRAL LANDFILL AUTHORITY**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

#### **NOTE C - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### **NOTE D - USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **NOTE E - CONTRACTUAL OBLIGATIONS**

The Authority operated the landfill site from August 1970 to December 1990, when the landfill was closed due to its inability to comply with the new solid waste laws and rules of the State of Michigan.

The Authority secured a Landfill Closure Grant (the Grant) from the Michigan Department of Natural Resources (DNR), and signed a contract with the State on January 3, 1991, in the amount of \$600,000. The Authority's share of the closure costs was \$66,667. Any additional costs for the closure were the responsibility of the Authority. During the last few years of operations, tipping fees were increased to cover the Authority's share.

The Grant Agreement imposed a restrictive covenant, which states in part, that the lands used as a landfill shall not or permit others to engage in filling, grading, excavating, drilling, or mining of the land and premises until fifty (50) years after completion of all landfill activities (December, 2040). The Grant Agreement also required semi-annual inspections and reports. The inspections are to be conducted by a certified engineer and the reports are to be filed with the DNR (now, the Michigan Department of Environmental Quality - DEQ), following completion of closure for a period of thirty(30) consecutive years (December, 2020).

After the landfill closure was completed, the Authority sold all of the personal property and buildings used at the landfill site. The revenues derived from the sale and the funds on hand were set aside to pay for any post-closure administrative and landfill property expenses. There are no formal restrictions on the funds on hand and when the fifty (50) year restrictive covenant period ends, any funds left on hand are to be returned to the members of the Authority.

**CENTRAL LANDFILL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2004 and 2003

(Continued)

**NOTE F – NET ASSETS**

As indicated at Note E, contractual obligations, the Authority is obligated to maintain adequate funds to meet its obligations under the terms of its agreement with the State of Michigan through December, 2020. The Authority must use its discretion in carrying out that obligation and while there are no formal restrictions on the use of its available resources there is no way to predict what may come up over the next sixteen years that would require substantial funding. Accordingly, the Authority considers its net assets to be designated to meeting its contractual obligations. The Board does not contemplate returning any funds to its members until its contractual obligation is completed.

**SUPPLEMENTAL  
INFORMATION**

**CENTRAL LANDFILL AUTHORITY**

**STATEMENTS OF OPERATING ACTIVITIES**  
**Proprietary Fund**

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Insurance and bonding	\$ 2,858	\$ 2,711
Accounting	600	600
Other	200	-
Bank service charges	195	302
Office expenses	154	134
Engineering fees	150	150
Audit	-	3,750
	<u>-</u>	<u>-</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 4,157</u>	<u>\$ 7,647</u>

The accompanying notes to financial statements are an integral part of this statement.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
"GOVERNMENT AUDITING STANDARDS"**

Chairman and Members  
Central Landfill Authority  
Iron Mountain, MI 49801

We have audited the financial statements of the business-type activities of the Central Landfill Authority, as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Central Landfill Authority's basic financial statements and have issued our report thereon dated June 23, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Central Landfill Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Central Landfill Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards".

This report is intended solely for the information of the Board of Trustees and management and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson Tackman & Co. PLLC*

ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

June 23, 2005

